

**Miami-Dade County  
Office of the Inspector General**

# **Annual Report 2001**

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April 2002

The Honorable Alex Penelas, Mayor  
Honorable Board Members of the County Commission  
Mr. Steve Shiver, County Manager  
Miami-Dade County Citizens

The Miami-Dade County Office of the Inspector General (OIG) is extremely pleased to present its 2001 Annual Report. In actuality, this is the OIG's first annual report published since our office became operational in the fall of 1998. As such, not only will this report highlight our activities and accomplishments during the 2001 calendar year, but it will also report on the bulk of our investigative, audit, and oversight activities since our inception.

Since 1998, the OIG has been working diligently, and I believe successfully, to establish lines of communication and solid relationships with county government and the citizens of Miami-Dade County. The OIG is here to serve the citizens of Miami-Dade County and, through the Commission's mandate, to detect, expose, and ultimately prevent instances of waste, fraud, abuse, and mismanagement.

I am humbled by the tireless efforts of my staff in its achievements and I am equally fortunate to be in a position to take credit for providing the leadership and supervision that secured these results. As for our accomplishments, I hope that you will find the reported activities of 2001, and the overall past three years, to be noteworthy.

On behalf of the OIG staff, I thank you for your continued support and faith in our office, our mission and our efforts. As always, I remain

Yours truly,

Christopher R. Mazzella  
Inspector General, Miami-Dade County

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# **Mission of the Office of the Inspector General**

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**In response to the public's demand for clean government, the Miami-Dade County Board of County Commissioners created the Office of the Inspector General (OIG). The OIG is authorized to detect, investigate, and, where possible, prevent fraud, waste, mismanagement and abuse of power in county projects, programs or contracts. To effectively uphold this mandate, the County Commissioners vested the OIG with independent status so that it could carry out its goals without political interference. Indeed, it is one of a few OIGs in the country that has jurisdiction to investigate officials at any level, including elected officials.**

**Our ultimate goal is to prevent misconduct and abuse and seek appropriate remedies to recover public monies. Above all, the OIG's principal objective is to promote ethics, honesty and efficiency in government, and to restore and promote the public's trust in government.**

# **Overview of the OIG: Authority & Functions**

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Offices of Inspectors General are often referred to as “watchdog” agencies and can be found at all levels of government: federal, state, and local. In Miami-Dade County, the OIG has oversight over 40 departments, including departments as large as the Aviation, Seaport, Transit, Housing, Community and Economic Development, Water and Sewer, Solid Waste, Public Works, and the Public Health Trust. The Board of County Commissioners determined that the oversight of such a large and diverse government required the OIG to be independent and autonomous. It empowered the OIG to investigate and review allegations of waste, fraud, abuse, and mismanagement. To insure the necessary independence, the Board provided that the Ethics Commission appoint and remove the Inspector General. Although Inspectors General are not unique to the national landscape, the bifurcated establishment of the Miami-Dade Office of the Inspector General makes it truly unique from other inspectors general offices around the country.

Pursuant to Section 2-1076 of the Code of Miami-Dade County, the Miami-Dade County Inspector General has the authority to review past, present, and proposed County and Public Health Trust programs, accounts, records, contracts, and transactions. The OIG may also investigate allegations of fraud, waste, abuse, and misconduct among public officials and county employees, as well as among contractors and vendors doing business with the County. In order to carry out this function, the OIG has been empowered to require the production of documents and records in the possession and control of the County, and has the power to issue subpoenas where necessary.

The OIG may also require reports from any county official, county agency, or county instrumentality regarding any matter in the jurisdiction of the Inspector General. Conversely, the OIG is empowered to report on and/or to make recommendations concerning county programs, contracts, or transactions and their financial soundness, reasonableness, necessity, or operational deficiencies.

The OIG may also conduct random audits, and, in general, provide oversight to department programs and large-scale construction projects.

# Organizational Structure

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The Office of the Inspector General employs a team of highly skilled individuals. Our staff is composed of professionals from varying disciplines and backgrounds that include attorneys, Certified Public Accountants, Certified Fraud Examiners, former law enforcement officials, investigators, financial analysts and forensic accountants. Additionally, our staff has specialties in the fields of construction, information technology, investigative databases and government procurement.

The Inspector General is empowered to appoint all staff members for the Office of the Inspector General and all OIG staff serves at the will of the Inspector General. The Inspector General is directly assisted by a Deputy Inspector General and an Assistant Inspector General who report directly to the Inspector General on all operations and office-related matters.

The OIG consists of four units:

- ❑ Investigations Unit
- ❑ Audit Unit
- ❑ Legal Unit
- ❑ Administrative Support Unit

The OIG also operates three permanent oversight offices:

- ❑ Aviation Department
- ❑ Water & Sewer Department
- ❑ Performing Arts Center

The Miami-Dade OIG strives to reflect the diversity of our great community. Among the OIG staff, excluding the Inspector General, we are:

52% Female  
24% Black  
14% Hispanic  
9% Asian

The Office of the Inspector General is committed to recruiting qualified employees who reflect the makeup of Miami-Dade County.

## **2001 Year in Review**

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In addition to all the activities undertaken by the OIG's various units, the Office itself has been involved in some significant endeavors in 2001. Here are some of our organization's more noteworthy achievements.

### **Activities & Initiatives**

#### **Hosted AIG conference**

- In May 2001, our office hosted the National Association of Inspectors General Conference. The Conference attracted over 150 attendees from across the nation, including Inspectors General from California, Missouri, Chicago, Louisiana, New York and Massachusetts. Governor Jeb Bush was one of several prominent guest speakers. Other Miami-Dade County speakers included Chairperson Gwen Margolis of the Board of County Commissioners, Mr. David Leahy, Supervisor of the Department of Elections, Ms. Cathy Jackson, Director of the Audit & Management Services Department, Mr. Kerry Rosenthal, Chairperson of the Commission on Ethics and Public Trust (Ethics Commission), and Mr. Robert Meyers, Executive Director of the Ethics Commission. This event brought considerable prestige and recognition among the national association to the Miami-Dade County OIG. The conference was held at the Ocean Beach Resort, Miami Beach, from May 16 to May 18, 2001.
- Further, the position of Miami-Dade Inspector General received considerable professional recognition with both the Inspector General Christopher Mazzella and Deputy Inspector General Alan Solowitz being conferred with Inspector General Certification. This certification was awarded upon their completion of course requirements established by the Professional Certification Board of the Association of Inspectors General Institute. The institute is affiliated with the Department of Public Administration at American University in Washington DC.

#### **OIG's Minority & Small Business Task Force**

- In July 2000, issues were brought before the Board of County Commissioners (BCC) concerning the County's slow payment of monies owed to small and minority businesses performing work on county contracts. The BCC requested that the OIG meet with the small and minority business community, investigate the claims of slow payment, and recommend changes or improvements to the existing regulations. Pursuant to the BCC's request, the OIG conducted an exhaustive study of the

County's invoice payment process (see page 25), and the OIG convened an informal task force of minority and small business owners. The OIG met regularly with this group over many months to identify their concerns and address solutions to the problem of slow payment. The OIG primarily focused its attention on small and minority owned businesses that perform work on county contracts, either as prime contractors or as sub-contractors. One of the most significant abuses voiced by task force members was that prime contractors often failed to submit their sub-contractor's billing in the prime's request for payment from the County. This failure to include the sub-contractor's billing often resulted in delays of 30 to 90 days for the sub-contractor to be paid for its work performed. Task Force members also noted that prime contractors often held on to the sub-contractor's retainage money for long periods of time even though their work had been satisfactorily completed. The task force was concerned that the existing prompt payment ordinance, regarding construction contracts and payment to sub-contractors, Section 10-33.02 of the Code of Miami-Dade County, was presently inadequate in addressing these "real life" situations and that it lacked any teeth to enforce its prohibitions.

### **OIG initiated CSBE prompt payment legislation**

- Consequently, the OIG moved forward to correct legislative inadequacies. Based on the identified concerns and suggested improvements, the OIG, with support from the minority and small business task force, proposed legislation to remedy the defects noted above. On July 10, 2001, the OIG sponsored an Ordinance amending Section 10-33.02 of the Code of Miami-Dade County, known as the CSBE Prompt Payment Provisions. The main component of the OIG's sponsored legislation required prime contractors to timely submit its sub-contractor's billing in the prime's next scheduled request for payment from the County. Failure to do so in the time limits proscribed in the legislation would result in the prime contractor paying the CSBE sub-contractor's payment in full, regardless of whether the prime contractor received its payment from the County.
- Other amendments proposed by the OIG included mandating a two-day time frame for the payment of the sub-contractor's retainage portion, cross-referencing Section 10-35 of the Code entitled "Release of Claim by Subcontractors Required" to the actual prompt payment section of the Code, and the addition of required sanctions for violations of the Prompt Payment provisions. Prior to sponsoring the legislation, the OIG sought the review and comments of affected county departments and agended the proposed legislation to the CSBE Advisory Board. The OIG's proposed ordinance, 01-116, was unanimously approved by the BCC.

- Since the passage of these amendments, the BCC has adopted additional measures to insure prompt payment to county minority and small businesses.

### **Contractor Performance**

- In another area of potentially significant impact, the OIG is participating on a task force to establish and implement a performance evaluation system for county vendors and contractors. The OIG has already been in close consultation with the New York City Inspector General relative to implementing a Vendor Indexing System for Miami-Dade County. In short, we expect that, among other things, the past performance of contractors will become an important factor in awarding county contracts.

### **EEC oversight Mayor's emergency period for economic stimulus**

- In the economic aftermath of September 11, 2001, Mayor Penelas declared a 30-day emergency period, suspending many government requirements in the bidding and awarding of government contracts to expedite and stimulate economic growth. While insisting that the process would be an open and transparent one with continued reliance on competition where applicable, the Board of County Commissioners and the County Manger requested the OIG's oversight of the process. OIG representatives, from the outset, were involved in monitoring the process of bidding and awarding contracts during the 30-day emergency period. In the course of that oversight, one contractor's irregularities were detected and a \$5 million contract award was withdrawn. The OIG also identified several substantial procedural failings in the contracting process. These problems, once identified, were immediately corrected.

## **Legislation providing for additional oversight authority**

During 2001, several pieces of legislation were enacted by the Board of County Commissioners, which included the Office of the Inspector General as a key component of reform by providing additional responsibilities for investigative and other legal oversight.

- **Code of Business Ethics.** The concept of "Business Ethics" is not a new one and has been widely discussed and debated in the business community, but in May 2001, the Board of County Commissioners took a great step forward in enacting Ordinance 01-96, which specifically mandates that contractors doing business with the County comply with a Code of Business Ethics. Such code, adopted by each business entity, must include at a minimum all the applicable governmental rules and regulations including the Conflict of Interest and Code of Ethics Ordinance and the False Claims Ordinance. Moreover, the Code of Business Ethics lays out five prohibited practices as it relates to the utilization of minority and small business sub-contractors by prime contractors. The prohibited practices involve pass-through requirements, rental space requirements, staffing requirements, Minority Business Enterprise (MBE)/Community Small Business Enterprise (CSBE) staff utilizations, and the fraudulent misrepresentation as a MBE/CSBE when the actual owner(s) would not otherwise qualify. The Code of Business Ethics specifically empowers the Inspector General to investigate alleged violations, and upon completion of its investigation, forward the report to the appropriate entity. Violations of the Code shall render any contract between the contractor and the County voidable, and subject violators to debarment from future county work. [Section 2-8.1(i) of the Code of Miami-Dade County]
- **Building Department: Permit by Affidavit/Professional Certification Program.** In response to the Florida Legislature adopting the Florida Building Code as the unified code to govern construction throughout the State, Miami-Dade County established a Professional Certification Permitting process by Ordinance 01-113, adopted July 10, 2001. The new program, codified in Section 2-1265 of the Code of Miami-Dade County, allows professional architects and engineers to certify by affidavit that the plans review and building inspections, normally conducted by Building Department officials, were performed in accordance with building code requirements. While this program is only a voluntary alternative to the departmental plans review and building inspections, concerns regarding potential abuse prompted county officials to include the Office of the Inspector General as an oversight entity. "The Miami Dade County Inspector General shall oversee the permit by affidavit program and provide periodic reports to the Board of County Commissioners regarding its operation." [Section 2-1265(j)(4) of the Code of Miami-Dade County]

- Elections: Qualification Papers of Candidates, Providing for the Inspector General to determine compliance and file lawsuits as necessary. By passage of Ordinance 01-182 in November 2001, the Inspector General was conferred with the responsibility for investigating sworn complaints, which challenge the qualifications of a candidate running for county office. These sworn complaints, which are filed by citizens with the Supervisor of Elections, are then forwarded to the OIG for its independent review. "If the Inspector General determines that the candidate does not meet the qualifications of the office for which he or she has qualified, the Inspector General is authorized and directed to file and prosecute an appropriate action in Circuit Court with an attorney other than the County Attorney." [Section 12-11(c) of the Code of Miami-Dade County]

### **Lectures & Speaking Engagements**

As part of our community outreach activities, the Inspector General and other OIG staff members regularly lecture to various organizations providing Continuing Professional Education (CPE) credits. For instance,

- In October 2001, the Inspector General was invited by the Florida Institute of Certified Public Accountants to lecture at the Florida Gulf Coast University Accounting and Tax Conference. The Inspector General presented a course on Fraud in Public Construction, which serves to provide a useful methodology to conceptualize and identify major fraud categories.
- The Deputy Inspector General and OIG Legal Counsel were guest speakers at the Association of Inspectors General's (AIG) Spring Conference, which took place on Miami Beach in May 2001. Their topic focused on abuse and fraud, which undermine government sponsored minority participation programs. The lecture outlined the basic categories of fraud and abuse, and provided an overview of available legal and administrative remedies.
- The Deputy Inspector General was an instructor at this year's AIG Inspector General Certification course. The weeklong course was held at American University in Washington, D.C. in August of 2001. The Deputy Inspector General was invited by the AIG's Certification Committee to instruct the investigations component of the certification program.

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# Investigations Unit Activities

The Investigations Unit is headed by the Deputy Inspector General and is comprised of Special Agents who have a wide-range of investigative backgrounds. Investigations are initiated upon the receipt of credible information alleging an act of fraud, waste, financial mismanagement or abuse. The Unit investigated a variety of cases, which included investigations of contractors doing business and/or receiving funds from the County and cases of employee and official misconduct. With respect to a number of investigations, ethics complaints were filed before the Commission on Ethics, criminal charges were prosecuted, and other administrative remedies imposed. The Unit also conducts departmental program and procedures reviews and contract reviews, often with the assistance of the OIG's Legal Unit and OIG audit staff.

The following case summaries highlight some of the OIG's more prominent investigations from the past few years:

## Contractors doing business with the County

### **Asphalt cores demonstrate that the County was shortchanged**

- At the request of the Public Works Department, the OIG reviewed billings submitted by a paving contractor for permanent asphalt patching work done in various neighborhoods around the County. The OIG's review questioned the manner and method that the contractor was applying the asphalt material. The OIG used field experts in examining core samples of the asphalt patches, which provided proof that the contractor over billed the County as to the amount of material laid. As a result of the OIG's investigation, the Public Works Department received a \$40,000.00 credit from the paving contractor.

### **Fire extinguisher vendor billed for services not rendered**

- In January 2001, the OIG released a Report of Investigation on a fire extinguisher service and repair vendor who had been contracting with the County for the previous three years. The OIG initiated an undercover investigation to determine the extent of fraudulent over-billing by the vendor. We found that the County was being billed for parts that were not actually replaced, and being charged for services that were otherwise free according to the vendor's bid proposal. As a result of our investigation, the County negotiated a settlement for a total of \$138,000.00, which included payment to the OIG of \$10,000.00 for incurred investigative costs. The vendor, as part of the agreement, also voluntarily suspended itself from engaging in or bidding on county contracts for a two-year period.

**CSBE participation goals thwarted on PAC demolition project**

- In November 2000, the OIG detected a scheme whereby the Community Small Business Enterprise (CSBE) participation goals on the Performing Arts Center (PAC) demolition portion of the project were being thwarted by the deliberate actions of the contractors. The CSBE sub-contractor that was designated to provide demolition work on the project was being utilized as a conduit for work actually being performed by a non-CSBE firm, in violation of County Administrative Order 3-22. Recommendations for debarment and other sanctions were brought against all three of the contractor firms: the prime, the CSBE sub-contractor, and the non-CSBE contractor that was the beneficiary of the pass-through arrangement. Sanctions were also recommended against the Project Management firm hired to oversee the demolition contract. In June 2001, these recommendations were considered by an appeals panel of the County's Review Committee and approved as to the prime contractor. During the appeal process, the CSBE firm withdrew its appeal and, in the alternative, agreed to repay the County \$15,000 as a fine for the violation and agreed to withdraw from any new contract awards, either as a prime or subcontractor, for a six month period. Subsequent negotiations also resulted in the prime contractor entering into a settlement and compliance agreement with the County. The agreement, in short, calls for the prime contractor to pay the County \$40,000, enroll in Business Ethics and CSBE continuing education courses, make-up its CSBE participation requirements on future county contracts, and abide by a 75-day moratorium for bidding on or receiving county contracts.

**Final settlement of the Pump Station Improvement Project**

- In December 1998, the OIG initiated an investigation, which uncovered a multi-million dollar fraud in the construction of a \$450 million county sewer project, the Pump Station Improvement Program (PSIP). A portion of this investigation has been referred to the Miami-Dade State Attorney's Office for prosecutive consideration. The County, in January 2001, settled with several major contractors on the project. The settlements require re-examination and testing of the pipelines, and where necessary, re-certification of the installed underground lines. All remedial work is to be completed at no additional cost to the County. It is estimated that over \$7 million in potential losses to the County were averted because of the OIG's investigation, not to mention the aversion of public safety and health risks to the citizens of Miami-Dade County.

**Investigation of vendors inappropriately receiving local preferences**

- In January 2000, the OIG reported on two county vendors who improperly received a local business preference of 1½% on their bids for County contracts. The two vendors were both out-of-state companies that maintained local office space to qualify as a “local business.” OIG investigations revealed that all their deliveries of goods to County departments were “drop shipped.” The local business fronts neither maintained inventories nor made deliveries from the local address. As such, OIG Special Agents demonstrated that two vendors should not have been entitled to the 1½% bid preference. The contracts were for approximately \$750,000 and \$900,000. At the time of the OIG’s investigation, only \$56,000 and \$68,000, respectively, had been expended from each of the contracts. Consequently, the County withdrew from doing business with the companies in question.

**False statements made to the Department of Business Development**

- The OIG conducted an investigation of false statements made by a vendor in seeking Disadvantaged Business Enterprise (DBE) certification with the County. The company was pursuing a multi-million dollar contract assignment of an Aviation Department car rental concession agreement, where the original vendor had abandoned its operations at Miami International Airport. The DBE certification was a legal pre-requisite for securing the intended contract assignment. The OIG’s investigation revealed that statements made under oath to the Department of Business Development were false, thus warranting a criminal referral to the Miami-Dade State Attorney’s Office. The vendor was charged with one count of perjury and voluntarily entered into a negotiated plea agreement with prosecutors. The efforts of the OIG in exposing this fraud prevented significant harm to the integrity of the county’s minority and small business programs.

## **Investigations of Employee and other official misconduct**

Generally speaking, where the OIG detects instances of employee misconduct, it refers the investigative findings to the respective department and to county management for appropriate disciplinary action. Further, when there is evidence revealing that a criminal act has been committed, the OIG will refer the case to the State Attorney's Office for prosecution. In these cases, the OIG continues to work the case with the State Attorney's Office to insure that any additional investigative tasks are completed, the case is appropriately prosecuted, and prosecutorial efforts are coordinated with any administrative remedies that the County might have. In all of these investigations, unless the Inspector General directly files an ethics complaint with the Ethics Commission, a copy of the OIG final report is forwarded to Ethics Commission staff for its consideration on whether additional action under their purview may be warranted.

## **Cases against county employees and officials criminally prosecuted**

### **Use of County's collective bargaining agreement provisions to defraud the Transport Workers Union**

- The OIG investigation of the President of the Transport Workers Union (TWU) Local 291 resulted in criminal charges being filed against TWU President, Edward L. Talley. The OIG investigation revealed that Mr. Talley, in a scheme to defraud the TWU, abused his position as President of the TWU to obtain union monies that he was not entitled to. As a Miami-Dade Transit Agency employee, Mr. Talley used County procedures governing the donation of leave time to siphon off union monies. These fraudulent acts were concealed from the TWU membership and served only to benefit himself. Based on the OIG's investigation, Mr. Talley was arrested on July 2, 2001 and charged with one count of Organized Scheme to Defraud (a first degree felony) and 18 counts of Grand Theft Third Degree. Pursuant to a negotiated plea agreement, Mr. Talley pled guilty to the first-degree felony, Organized Scheme to Defraud, and was sentenced to ten (10) years of probation. As a precursor to the plea agreement, Mr. Talley resigned from County employment and resigned from both his office and membership in the TWU. As conditions to his sentence, Mr. Talley was ordered to make \$49,910 in restitution to the Union, and \$36,000 in investigative costs to the OIG, \$18,000 of which was an upfront payment to the OIG. Additionally, Mr. Talley is prohibited from working for the TWU Local 291, or any union, in any capacity, and from holding public office or working in any government agency. Payouts of his accrued annual and sick leave were also held pending outcome of the criminal case.

**WASD Supervisor commits payroll fraud**

- The OIG investigated the fraudulent activities of a Water and Sewer Department (WASD) supervisor who abused his position by fraudulently altering his Payroll Attendance Reports (PARs) to obtain overtime hours that he did not work. In the course of 18 months, this employee defrauded the County of over \$36,000. The matter was referred to the Miami-Dade State Attorney's Office for criminal prosecution. In November 2001, the employee entered a guilty plea to 33 counts of Grand Theft Third Degree, one count of Petit Theft, and one count of Official Misconduct. Pursuant to a negotiated plea agreement, he received a sentence including 30 days of jail, one year of house arrest, 14 years of probation and was ordered to pay restitution to the County in the amount of \$36,442.72. Additionally, prior to his resignation from WASD, the OIG placed a hold on the payout of any accrued sick and annual leave payment, and ultimately upon his conviction, over \$25,000 was forfeited and returned to WASD.

**Submission of falsified military reserve orders**

- Upon receipt of information from the Miami-Dade Employee Relations Department concerning suspected fraudulent Military Reserve Orders submitted by a Corrections Department employee, the OIG initiated an investigation of the employee and the suspected fraudulent orders. The investigation revealed that the employee submitted five (5) falsified orders and falsified eight (8) Payroll Attendance Report forms to obtain 33 days of Military Reserve Leave from the County between March 2000 and August 2001. The fraud cost the County \$3,845, plus benefits. The matter was referred to the Miami-Dade State Attorney's Office for criminal prosecution and on October 23, 2001, the employee pled guilty to thirteen (13) counts of Official Misconduct and eight (8) counts of Grand Theft Third Degree. The defendant's sentence included full restitution to the County and payment of \$1,600 investigative costs to the OIG.

**Providing false employment information on a loan application**

- At the request of the Finance Department, the OIG investigated a department employee who allegedly asked another Finance Department employee to provide false date of hire information when contacted for employment verification. The OIG investigation revealed that the suspect employee was attempting to obtain an automobile loan. In order to qualify for the loan, the employee's date of hire with the County was falsified to show a longer length of employment. When the Personnel Technician refused to provide the false information to the loan company, the suspect employee obtained blank Finance Department letterhead, typed in the false information and faxed this fraudulent letter to the loan company. The employee was terminated from the County and subsequently prosecuted by the State Attorney's Office for providing false statements with the fraudulent intent of obtaining credit.

#### **Unlawful compensation received by a Building Department plans clerk**

- In conjunction with the OIG's participation on the State Attorney's Office Task Force, a Building Department Plans Process Technician was arrested for accepting a \$500 bribe payment to process permits for storage sheds at two locations in Miami-Dade County. This scheme was accomplished through her company, G & E Permits Solutions. In essence, this Building Department employee was operating her own permit processing business from inside the Building Department. She was criminally charged and pled to two (2) counts of accepting unlawful compensation in violation of her public duties, a third degree felony. As part of the plea agreement, the employee was ordered to resign from county service.

#### **Corruption identified within Community Council 11**

- OIG Special Agents, in conjunction with the Miami-Dade Police Department Public Corruption Unit, investigated illegal activities surrounding Miami-Dade County Community Council, District 11. The investigation focused on the corrupt influence of Council member(s) in their official duties in zoning matters being heard before the Community Council. The investigation has resulted in the arrest and prosecution of two individuals by the Miami-Dade State Attorney's Office. Additionally, a residence used to corruptly pay a community council official was seized. The value of the residence at time of seizure was \$470,000. This matter remains on-going.

#### **Ghost Employee scam at the Water & Sewer Department**

- The OIG, in 1998, revived an investigation of purported payroll fraud at the Water and Sewer Department (WASD). It was alleged that WASD's Chief Administrative Compliance Officer falsified the time sheets of a summer student employee, who in fact, never worked at WASD. It was also alleged that the "ghost employee" was the god-daughter of the WASD Administrator and that the Administrator concocted a scheme whereby other WASD employees were directed by her to lie and otherwise cover-up for the ghost employee. In total, the summer salary for the ghost employee amounted to \$4,875. The OIG's investigation included expert analysis in the field of questioned documents to determine the authenticity of the signatures on the time sheets. The case was referred to the State Attorney's Office and, in 1999, the WASD Administrator, ghost employee, and another WASD employee were arrested on several charges of official misconduct, grand theft, forgery, and organized fraud. The criminal case was concluded in 2001 when the WASD Administrator and ghost employee were convicted after trial. The two were sentenced to probation, 300 hours of community service, and payment of approximately \$16,000.00 in restitution and investigative costs. Additionally, the WASD Administrator was sentenced to 15 weekends in jail to be served during the course of her probation for primarily involving other employees and asking them to lie on her behalf.

**Campaign irregularities surrounding 1998 judicial campaigns**

- In the fall of 1998, the OIG received information alleging significant irregularities concerning a loan made by a recently elected Circuit Court Judge to her own judicial campaign. Collaterally, the OIG initiated an investigation into possible misconduct by the Director of Juvenile Services for the Miami-Dade Clerk of Courts. In essence, the OIG's investigation concluded that during the judicial campaigns of 1998, the Juvenile Services Director, through a family member, collected substantial consulting fees from several judicial candidates, including the aforementioned judicial candidate. The Juvenile Services Director failed to disclose and obtain approval from the Clerk of Court for his outside employment. These investigative findings were presented to the Miami-Dade State Attorney's Office. The Juvenile Services Director was criminally charged with Failure to File Campaign Expenditure Reports. The Inspector General also filed an ethics complaint before the Commission on Ethics for failing to disclose his outside employment to the Clerk of Courts or to file the outside employment forms required by the Conflict of Interest and Code of Ethics Ordinance. In the criminal case, the subject pled no contest to the charges. The Juvenile Services Director also entered into a settlement agreement, agreeing to monetary fines and payment of investigative costs, to resolve the ethics violation.
  
- Regarding the aforementioned Judge's \$235,000 loan irregularity, the OIG, for lack of jurisdiction over state judicial campaigns, referred our preliminary findings to the Public Corruption Unit of the Miami-Dade State Attorney's Office. While criminal charges were initially filed, the charges were later dismissed by prosecutors in December 2000. The Judicial Qualifications Commission (JQC) recommended that this Circuit Court Judge be suspended from the bench for four (4) months without pay, reimburse taxpayers \$40,000 in salary received, pay substantial costs, as in court reporter fees, and received a public reprimand from the Florida Supreme Court.

## **Other cases of misconduct (not resulting in criminal prosecution)**

### **Misuse of county-issued parking card for personal vehicle use**

- Based on information received, the OIG conducted an investigation into the use of County parking privileges by a Public Works Department (PWD) employee. It was alleged that the county employee was improperly using a county parking card, assigned to a GSA fleet vehicle, to park his personal vehicle in the County's parking garage located at 140 West Flagler Street. OIG Special Agents conducted visual surveillance and pulled the parking garage card activity logs for the electronic card in question. OIG Special Agents also interviewed the employee who admitted to having used the card for the past twelve months. Based on these findings, the Inspector General filed a complaint with the Ethics Commission charging the employee with Exploitation of Official Position for having conferred this benefit onto himself. The matter has been successfully resolved with the employee entering into a negotiated settlement, which includes the payment of restitution to the County and a \$250.00 fine.

### **Improper expenditure of funds benefiting a non-county organization**

- Upon a request by the County's Finance Department, the OIG was asked to investigate the appropriateness of an expenditure incurred by the former Miami-Dade County Tax Collector for printing the Florida Tax Collectors' Annual Directory. The Florida Tax Collectors, Inc., is a non-profit organization of the State's various tax collectors. Members pay dues to the organization and, in this instance, Miami-Dade County paid the dues for its tax collector's membership. At the time of the request, the Tax Collector had recently resigned from county service. The former tax collector was a member of the organization's executive board and, upon leaving county service, secured a paid position as the organization's executive director. The publication and mailing costs for the Annual Directory totaled \$7,957.02 and was paid for from the Tax Collector's Office's division budget. Our inquiry also revealed non-compliance with Section 2-8.1.3 of the Code of Miami-Dade County requiring the reporting of all printing expenses over \$5,000. The Florida Tax Collectors, Inc., has subsequently repaid the County in full for the costs associated with printing and mailing of the Annual Directory. Additionally, the OIG made several recommendations to the Finance Department to enhance its oversight of similar expenditures.

**Failure to perform duties in eradicating graffiti on county property**

- OIG Special Agents conducted a two-week surveillance of a Team Metro employee assigned to the Outreach Services Division whose job was to paint over graffiti found on County property. As part of the surveillance, OIG Special Agents re-inspected 47 sites purportedly inspected by the Team Metro employee and found no apparent signs of fresh paint. At 15 of the sites, graffiti was present even though they were reported painted by the employee on his daily worksheets. Based on the OIG's investigation, the employee was discharged from county service in August 2001

**Conversion of county property damage insurance payment to personal use**

- Upon request by the County's Risk Management, the OIG conducted an inquiry into a motor vehicle accident involving a Miami-Dade County vehicle. It was alleged that the county employee driving the car received money from the liable insurance company for the damages to the county vehicle and failed to turn over those proceeds to the County. The investigation revealed that the Progressive Insurance Company inadvertently paid the county employee \$632.69 for damages to the county vehicle and three days usage of a rental car. At the time of the accident, the employee was an Enforcement Officer for the Department of Consumer Services, Passenger Transportation Regulatory Division. In an interview with OIG Special Agents, the employee admitted to improperly receiving the payment, viewing it as "free money" and that he knowingly failed to turn over those proceeds to the County. During the course of the investigation, the employee made full restitution. The matter was referred to the respective county departments for disciplinary proceedings and the State Attorney's Office for prosecutive consideration.

**Fraudulent acquisition of holiday leave**

- In September 2000, an OIG investigation revealed questionable practices by a Miami-Dade Transit Agency (MDTA) employee where he credited himself with holiday leave for having purported to work on several official holidays. OIG Special Agents confirmed through an analysis of the MDTA duty roster that the employee did not work the days in question. As a result of the OIG's investigation, the MDTA adopted several recommendations to review and modify its current system of verifying and accounting for hours worked and leave accrued. Investigative findings concerning employee misconduct were referred to the department for its instigation of disciplinary proceedings.

### **Aviation Department "no show" employees and non-existent supervision**

- In a separate investigation of Aviation Department employees, OIG Special Agents conducted a surveillance of "no-show" county employees and documented cases of non-existent supervision. On eight consecutive workdays, the employee was found at his home, and, on occasions, was seen at his residence unloading construction materials from the county vehicle that he was driving. Subsequent investigation revealed that the employee was engaged in side-work being done for the benefit of his county supervisor. In fact, the supervisor maintained a side-construction business and he employed his county subordinates to work for his company on the side, albeit on county-time. The OIG's investigation resulted in the Department initiating termination actions against both employees. To the understanding of the OIG, these matters are still pending appeal.

### **Aviation Department Tile Mason working side job on county time**

- At the request of the Miami-Dade Aviation Department (MDAD), the OIG investigated a potentially false claim for leave under the Family Medical Leave Act (FMLA). Our investigation revealed that the employee, a MDAD tile mason, carried on his personal tile business on county time. OIG Special Agents met with the employee in an undercover capacity regarding an estimate for a tile job. OIG Special Agents also learned that the individual purchased his tile from a company that also does business with the County's Aviation Department. Records reviewed demonstrated that the employee, on several occasions, picked up tile for his personal business while on county time and he was observed working on outside jobs without authorization. The OIG's investigative findings were forwarded to MDAD management, who then instigated disciplinary proceedings against the employee.

## **Departmental Procedures and Program Reviews**

### **OCED delinquent loans**

- An investigation of a local community development corporation, receiving huge sums of county dollars, resulted in the OIG uncovering a "lost" loan file from 1994. The loan, for over \$240,000, had mistakenly been in "deferred status" for the last six years. The investigation, and report by the OIG, prompted the Office of Economic Development to conduct a comprehensive internal audit of all its loans and the current collection efforts. The "lost" loan for \$240,000 was promptly re-activated into payment status.

**MDPD Aviation Unit supplemental pay**

- Law enforcement personnel assigned to the Miami-Dade Police Department's (MDPD) Aviation Unit receive a supplemental pay in the amount of \$200.00 biweekly. This supplemental pay is specifically designated for law enforcement personnel who are regularly assigned to operate aircraft. It was questioned whether certain law enforcement officers assigned to the Unit, and who were receiving the supplemental pay, were truly entitled to receive it. The OIG reviewed the matter and determined that the pay supplement was being automatically given to every member in the Unit including police officer pilots, sergeants, and lieutenants, regardless of whether the individual entered the Unit with the requisite pilots license or completion of flight training in order to obtain the appropriate license. The OIG's review indicated that the Aviation Unit did not draw a distinction between those who regularly fly and those who possess the mere ability to fly an aircraft. Furthermore, our review revealed that a few individuals, who received the supplemental pay, did not meet MDPD's own minimal standards to fly county aircraft as set forth in the Department's Standard Operating Procedures and its Policy and Procedures Manual. Based on the OIG's findings and recommendations, the Police Department revised its manuals governing the requisite experience level to enter the Aviation Unit. The Department also concurred with the OIG's findings that certain individuals, by way of either their flying experience or their regularly assigned duties, were not entitled to receive the pay supplement.

**Disposal of capital assets**

- The OIG reviewed the Public Health Trust's (PHT) procedure of disposing of its capital assets. The PHT had entered into a contract with a private company to dispose of its surplus capital assets and property on a consignment basis. During the review, the OIG uncovered an unauthorized transfer of a PHT owned truck to the company itself. Apparently, the transfer and the surrounding circumstances violated internal PHT policies and previously voiced management recommendations. The PHT purportedly sold the truck for \$1,500.00 but the check was misplaced and never deposited. For the six-plus months that the truck was in the company's possession, the truck remained registered to the PHT and had county vehicle tags on it, even though the truck was being used by the private company for non-county business. Eventually, the PHT paid \$3,200.00 for the return of the truck, which was in such disrepair that it did not even run. Several recommendations were made by the OIG, which were adopted by the PHT.

**“No name storm” results in expensive flood water removal at JMH**

- As a result of the “no name storm” that hit Miami-Dade County in October 2000, the OIG was asked by the Public Health Trust (PHT) to review billing irregularities associated with floodwater removal from the Jackson Memorial Hospital (JMH) parking garages. The OIG reviewed the entire matter, including the PHT’s policies and procedures for after hours flood water emergencies. Based on the OIG’s review, the PHT was able to negotiate a lower price with the vendor for a savings of \$87,000.00

**Viajes Magazine Scam at the Miami International Airport**

- At the request of the Miami-Dade Aviation Department (MDAD), the OIG reviewed the circumstances surrounding the publication of a private for-profit magazine titled *Viajes International*. The OIG investigated the circumstances surrounding the magazine’s efforts to produce an issue devoted solely to the Miami International Airport. Specifically, the publisher of the magazine had solicited two letters of introduction from MDAD officials, the Deputy Director of the department, and an Administrative Officer for Public Affairs, and used these letters as a basis for securing advertising revenue from MDAD vendors and consulting firms. The firms interviewed by OIG Special Agents stated that they relied on the MDAD letters as proof that the magazine was legitimate and that its reputation was vouched for by the Aviation Department. Our investigation revealed that the magazine was only marginally legitimate and that a draft copy of it was riddled with spelling, syntax and production errors. The magazine’s content also appeared to be a reproduction of MDAD’s official annual report. Additionally, many of the firms’ checks for advertising fees, which were made payable to the publisher himself, were personally cashed, as opposed to being deposited into a business account. The OIG investigation concluded that the actions of the MDAD officials, in authoring the letters, were unwise and unauthorized. As a result of our investigation and recommendations, MDAD enacted a policy to address when and under what authority such letters could be written.

## **Contract Reviews**

### **Pre-paid phone cards machines operating at MIA on expired permits**

- In August 2001, the OIG reviewed a set of contracts for the operation of phone card vending machines at Miami International Airport. The three contracts were authorized on a test permit basis and were only valid for one year. The permits, initiated in 1995, had long since expired yet the three vendors continued to operate the vending equipment uninterrupted. More significantly, the OIG's review found that the vendors continuously exceeded the original scope of the permits in that additional vending devices were brought onto airport premises without any written authorizations found in the Department's contract files. One of the vendors, operating combination phone card and automatic teller machines (ATMs), exceeded the scope of its original permits. An inventory of the devices also demonstrated that the majority of them did not have the mandatory vending device decals, which is an indication that occupational taxes might not have been paid. The OIG made several recommendations to MDAD, which the Department seemed willing to embrace. A follow-up review conducted in January 2002 by the OIG, however, revealed continued non-compliance with several recommendations and additional findings that the unsupervised placement of phone card machines constituted a security hazard at the airport. A copy of our supplemental report with renewed recommendations and MDAD's response to the OIG report are on file with the Clerk of the Board.

### **Procurement of mailing equipment not included on authorized state contract**

- The OIG received an anonymous complaint with respect to a \$1.25 million contract modification to purchase mailing equipment from Pitney Bowes, Inc., for the Miami-Dade Water and Sewer Department (WASD). The complaint alleged that the largest item to be purchased, an \$800,000 mail inserter, was not on the State Government Contract as stated on the purchase order. The OIG conducted a contract review and determined that the \$800,000 production mail equipment in question, a 9-Series Inserter, did not fall within the State Government Contract. This particular piece of equipment is described as a stand alone customized console designed to upgrade WASD's mailing capacity as part of WASD's Customer Information Services (CIS) conversion. The OIG's findings were quickly reported to the Department. Given the exigent nature of the conversion initiative, WASD, in conjunction with the County's Department of Procurement Management, the vendor, and State of Florida procurement specialists worked together to modify the state contract to allow for the purchase of this piece of equipment. This process enabled WASD to procure the item, as originally intended, from the state contract without violating any procurement regulations.

### **Contract articles regarding the hauling, storage, and disposal of Fines and Ash**

- In July of 2000, the OIG reviewed the County Department of Solid Waste Management's (DSWM) Operations and Management Agreement with Montenay-Dade, LTD (Montenay). Specifically, the OIG reviewed proposed amendments to the contract regarding two by-product materials, Fines and Ash. The OIG review opined that the proposed amendments were not in the County's best interests, in that they either created new burdens or shifted liability to the County. Additionally, proposed language allowing for third party pass through costs were too vague and subjective, and not tied to an objective criteria such as the Consumer Price Index. Most troubling was the proposed amendment, which could have made the County environmentally responsible for possible surface, subsurface, and groundwater contamination created by the storage of the Fines by-product material at Montenay's third-party recycling contractor's storage site. The OIG questioned the status and results of any scientific testing and its application to any acceptance/rejection criteria. Based on the OIG initiated review, these specific amendments were pulled from the agenda package.
- From July 2000 through 2001, the OIG continued its review of the Fines matter and all proposed suggestions relating to the purchase and use of Fines material in DSWM's landfill operations. On two separate occasions, the OIG's oversight in this area averted two proposed bid waivers for \$125,000 and \$90,000 for the purchase of Fines to be used as topsoil cover for the County's Old South Dade Landfill Closure project and for use as daily cover material at the South Dade Landfill. In the second instance, the OIG proposed that the Department make use of Fines material temporarily stored at the County's North Dade Landfill by Montenay, as opposed to purchasing the material from the third-party contractor.

### **Ethics Complaints**

- From 1999-2000, the Inspector General filed three separate complaints with the Commission on Ethics and Public Trust. All three complaints were successfully prosecuted with the subjects pleading "no contest" to the charges and either incurring a monetary fine and/or working community service hours. The complaints all stemmed from previously investigated OIG cases. Additionally, as reported above, the OIG filed a fourth complaint in September 2001 involving a Public Works Department employee who inappropriately used the county-issued parking garage card for parking his own personal vehicle in the county's parking garage. This complaint was also successfully resolved with the individual agreeing to terms of a settlement. The OIG continues to work closely with the Ethics Commission and will continue to file complaints directly with the Commission.

# Audit Unit Activities

The OIG's Audit Unit was formally established in the summer of 2000 staffed with an Audit Manger and one auditor. By the fall of 2001, a second auditor was added to supplement the unit. The OIG hired its third auditor in January 2002.

The Audit Unit's activities are directed by the Unit's manager who reports to the Assistant Inspector General. During the past year, the Unit has been engaged in some significant audits. A few of our larger audits remained on-going through the end of December 2001. These reports, released in 2002, can be found on our website and will be reported in next year's annual report. The Unit is currently developing an Audit Program designed to focus on construction-related projects. We expect to be underway with the new program by this summer.

The summaries below highlight the Unit's significant activities through December of 2001.

## **Community Action Agency Bid Waiver**

- In a random audit conducted of a Community Action Agency bid waiver request, the Audit Unit found that the necessity of the request was justified. The request was for approximately \$200,000 in order to pay past due invoices for catered food services provided to the Head Start Program. The Audit, however, noted that the County's lack of an adequate contract expiration procurement tracking system contributed to the lapse in payment, thus necessitating a bid waiver request. The OIG's Audit made several recommendations, which were adopted, to track contract expiration and invoice payments to ensure timely contract extensions where necessary.

## **Miami-Dade Transit and TWU procedures**

- In a separate inquiry of the Miami-Dade Transit Agency (MDTA) and the Transport Workers Union (TWU), OIG Auditors reviewed two specific programs implemented by the Transit Agency. OIG Auditors reviewed MDTA "book off" procedures, which allow union members to take time off for union activities. The time is then converted into a dollar amount subject to reimbursement by the TWU to the County. OIG Auditors also reviewed the Membership Assistance Program, which was initiated to reduce employee absenteeism. In both programs, OIG Auditors noted a lack of documentation indicative of poor departmental oversight. Specifically, with the "book off" procedures, the absence of basic and relevant information, which would have been necessary to calculate the proper amount of money for reimbursement, was not provided. As a result of our audit, the County implemented several changes to the programs.

### **Aviation Department building upgrades**

- In January 2001, the OIG conducted a random audit of a contract modification request by the Miami-Dade Aviation Department (MDAD) seeking an additional \$845,000 for the purchase of electrical parts and supplies to perform various projects at MDAD. The projects were primarily based on the necessity to perform 40-year re-certifications and to correct a variety of life-safety and building related Notices of Violations (NOVs). The audit found that the underlying reason for the \$845,000 request was attributable to MDAD's Maintenance Division not adequately planning for the need to address these foreseeable actions nor the taking of any action to remedy the previous NOVs issued by Miami-Dade Fire Rescue and Building Departments. The audit also found that MDAD was not adequately tracking the costs associated with correcting the NOVs and the re-certifications projects by project or building number. To accurately charge back private tenants, who lease MDAD facilities, it is imperative for MDAD's Maintenance Division to track all of the repair, re-certification and improvement costs. The OIG made several recommendations requiring MDAD to more proactively oversee building re-certifications and track project costs more accurately. This would ultimately enable MDAD to accurately capture the costs associated with each project, thereby minimizing the occurrence of situations where expenditures are not charged back to the respective end users and end up being absorbed by the Department.

### **Invoice Process Payment Audit**

- In April 2001, the OIG issued its audit of the County's invoice payment process. This exhaustive study was initiated upon a request from the Board of County Commissioners (BCC) to review and assess the timeliness of payments made by the County to vendors providing services to the County. The purpose of this request was to ascertain whether the County was affording disparate treatment to minority vendors. In essence, the OIG's audit found that, on average, payments to both minority and non-minority vendors were made on a timely basis and that any disparity that was found was directly attributable to the shorter timeframe requirements for payments to minority vendors. As part of the audit, the OIG also specifically examined payments made under the Quality Neighborhood Improvement Program (QNIP). The audit found that the majority of payments to prime contractors on contracts which were either CSBE set-asides or which contained CSBE trade set-asides or CSBE participation goals were untimely in that the length time, on average, exceeded the mandated number of days. Several recommendations aimed at improving the timeliness of payments to minority and Community Small Business Enterprise vendors were adopted by the County's various accounting departments.

## **Legal Unit Activities**

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In addition to providing legal counsel to the Inspector General, the Legal Unit primarily assists the Investigations Unit in assessing the strengths and weaknesses of any investigation with potential criminal implications. At present, the OIG's Assistant Legal Counsel has been cross-designated by the Miami-Dade State Attorney's Office to further pursue investigative cases referred to the State Attorney by the OIG. The Legal Unit also coordinates the administrative and prosecutive activities of the OIG's investigative cases.

Moreover, the Legal Unit reviews proposed ordinances and resolutions and provides the Inspector General with an independent legal assessment of the possible potential impact of the legislative items. The Legal Unit also reviews county contracts. This review is not limited to legal sufficiency and usually includes an assessment of the rights and liabilities thereunder, as well as efficiency and cost effectiveness.

All subpoenas issued by the Inspector General are first cleared through the Legal Unit and the Legal Unit is charged with making sure the Office complies with its advance notification responsibilities in the area of subpoena issuance and final report distribution. All final public reports and audit reports are reviewed through the Legal Unit for legal sufficiency and work product integrity. The Legal Unit also serves as the Inspector General's liaison with the County Attorney's Office on matters of mutual concern.

In the past year, the significant activities undertaken by the Legal Unit are:

### **Issuance of Draft Report**

- Pursuant to Ordinance 01-114, the Legal Unit became charged with ensuring that the Office complies with its advance notification obligations prior to issuance of a final public report.

### **Resignation Alerts**

- Beginning in 2001, the OIG formalized its procedures for invoking Section 2-56.33 of the Code of Miami-Dade County, whereby county officials and employees under investigation for an offense involving Breach of Public Trust are suspended from receiving accrued sick and annual leave payouts pending the conclusion of an investigation. The Legal Unit instituted a procedure called the "Resignation Alert" which provided specific notification to the Employee Relations Department (ERD) and the affected department alerting them of the OIG's investigation and asking for a hold to be placed on the individual's payout should that person resign. At the end of 2001, ERD, the Information Technology Department and the OIG began creation of an OIG enabled computer personnel screen, which would allow the OIG to directly place holds on payouts under the ordinance. By the end of the year, all the departments were still working to develop the pilot program. The OIG's Legal Unit has developed criteria for when the OIG would place a hold on an individual's accrued leave payout. Under the ordinance, any hold placed on an individual pursuant to it would not affect the individual's intent to resign. It merely places a hold on the monetary payout pending conclusion of the case. At that time, and depending on the disposition of the case, forfeiture proceedings may be instituted to revoke payment.

# OIG REFORMS

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OIG investigations and audits often result in various recommendations being implemented. Sometimes these measures are department and case specific; others may impact management oversight and accountability concerns. The following enacted reforms, based upon OIG investigations and audits, are widely institutional and impact revenue collection. These reforms continue to positively contribute to the county's bottom line.

## OIG Spearheaded Lobbyist Registration & Disclosure Reforms

- In 1998 and 1999, the OIG conducted an audit of the Lobbyist Disclosure and Registration Program. Our audit detected significant deficiencies and non-compliance by lobbyists with disclosure requirements. As a result of the OIG's audit, the County collected additional revenues of over \$200,000. Also lobbyist reform legislation, requiring lobbyists to submit detailed reports showing how much money they spend on behalf of their clients, was enacted. The new legislation imposes fines on non-compliant lobbyists. Since enactment, the Ethics Commission has collected over \$20,000 in fines assessed against non-compliant lobbyists. The Ethics Commission has also filed numerous ethics complaints against lobbyists who continue to engage in lobbying with outstanding fines and lobbyists who have outright failed to file their expenditure reports.

## OIG Audit of DEEDCO defaulted loans results in passage of the Deadbeat Ordinance

- The OIG's audit of a series of loans issued by the Dade Employment and Economic Development Corporation, Inc. (DEEDCO) demonstrated that persons who had defaulted on their loan obligations to the county via the DEEDCO small business revolving loan program continued to receive county contracts and/or other county funding. This was true even when these individuals had defaulted on their loans. The results of this audit led to the enactment of the county ordinance commonly referred to as the "Deadbeat Ordinance." The ordinance prohibits vendors and contractors in arrears (on the deadbeat list) from receiving new contracts with the County until their debt is paid. In 2000 alone, the County collected almost \$1 million dollars from deadbeats. The Deadbeat List is maintained by the County's Finance Department.

- A separate OIG inquiry revealed that a contractor, who was named on the "deadbeat list" for a delinquent loan, had recently received a new contract administered by the Miami-Dade Office of Community and Economic Development (OCED) to renovate the James E. Scott Community Association (JESCA) facility. Based on the OIG's initiated inquiry, in January 2001, the contractor immediately settled its debt obligations with Miami-Dade County and made full payment in the amount of \$38,095.62.

### **WASD Water Tampering Unit**

- In 1999, the Inspector General spearheaded an effort to detect utility tampering by consumers of the County's Water and Sewer Department (WASD). The initiative led to the creation of the Department's Water Tampering Unit in June of 1999. Since its inception through to the end of calendar year 2001, the Unit has performed over 10,000 inspections and has found tampering in over 2,500 instances. The unit has issued over \$1.2 million in tampering citations and has actually recovered close to \$1 million in tampering citation revenues. WASD's Tampering Enforcement Program received national recognition by the National Association of Counties when it won an Achievement Award for its innovative resource saving program. The OIG continues to work with the Water & Sewer Department to expand this recovery initiative to the tampering of water fire lines and other illegal thefts of our crucial water supplies.

# **Memorandums of Understanding**

Beginning in 2000, the Office of the Inspector General expanded its operations by creating several permanent oversight offices around the County. These satellite offices are now housed directly within the departments. In addition to its general monitoring of all county departments, programs, and contracts for fraud, waste, and abuse, the OIG has entered into Memorandums of Understanding with the Aviation Department, the Water & Sewer Department, and the Performing Arts Center to provide on-site oversight. The OIG expects other satellite offices to be opened in the near future.

The OIG's oversight responsibilities include, among other things, attendance of selection and negotiation committee meetings, issuance of due diligence reports and random audits. Other activities are outlined below:

## **Miami-Dade Aviation Department Oversight**

In April 2000, the OIG established its permanent oversight office at Miami International Airport. The office not only focuses on the detection of fraud, waste, mismanagement and corruption at the airport, but also provides oversight of current and projected multi-billion dollar projects managed or sponsored by the Aviation Department. Hotline information posters announcing the office were distributed to all airport business partners, cargo/terminal areas, warehouses and employee training rooms. Additionally, OIG staff participated in on-site ethics training for Aviation Department and Dade Aviation Consultant (DAC) employees. The following are some of the OIG's oversight activities:

### **Overtime study results in massive savings**

- Ongoing monitoring by the OIG at Miami International Airport has revealed widespread overtime abuses by Aviation Department employees and supervisors. In a June 1, 2000 report entitled "Overtime Accountability Study" the OIG detailed specific systemic abuses of overtime in the Aviation Department's Landside Operations Division. Aviation Senior Management implemented a number of OIG recommendations. Thus far, the airport has reported over \$540,000 in overtime savings because of reforms. We anticipate, as more divisions at the airport adopt new procedures, further substantial savings.

**Recouping overpayments to baggage check vendor**

- At the request of the Department, the OIG reviewed alleged overpayments made to the contracted vendor operating baggage check/storage rooms at Miami International Airport. According to the contractual agreement, MDAD reimbursed the vendor for the salaries of employees operating the baggage check/storage rooms. Principals and officers of the company could not be counted as reimbursable employees, but instead their salaries were to be absorbed by the firms in its management fee. The OIG inquiry verified that an officer of the firm was receiving reimbursed salary costs contrary to the terms of the agreement. MDAD entered into an agreement with the firm to recoup over \$20,000 in overpayments based on the unauthorized employee. The agreement calls for the monthly management fee to be withheld until the total overpayment is satisfied.

Additionally, the OIG assists the Department in various projects and negotiations. The following list represents several of the contracts and projects that OIG representatives have followed, and selection and negotiation meetings that we have attended.

- Miami Intermodal Center (MIC) and Miami International Airport (MIA) negotiations
- Blue Ribbon Panel (Airport Governance) sessions
- Baggage Wrap Contract negotiations
- Food and Beverage Contract negotiations
- Janitorial Services Contract negotiations
- Rental Car Contract negotiations
- North Runway Contract negotiations
- South Terminal Expansion Contract negotiations,

### **South Terminal Due Diligence Reviews**

- For the South Terminal Construction Manager (CM) at-risk selection, the OIG, at the request of the Department, performed specified due diligence reviews of the three bidders. Specifically, the OIG reviewed the veracity of each bidder's statement relating to its contention entitling it to local preference consideration. For each of the three bidders, OIG Special Agents conducted site visits of its stated local headquarters. OIG Special Agents also requested information relating to the proposed staff for each firm. The OIG issued its report in March 2001 and the findings were then analyzed by the County Attorney's Office for application of the local preference ordinances.
  
- In June 2001, the OIG was again requested to perform due diligence relative to the three proposed firms for the South Terminal CM-at-risk contract. Issues had surfaced regarding the litigation histories of the firms and whether the proposers had skirted the County's disclosure requirements. The OIG's due diligence review focused on retrieving data from various searchable databases including litigation and regulatory compliance histories. Our final report, dated June 18, 2001, was prepared and presented to county management for its consideration.

## **Miami-Dade Water & Sewer Department Oversight**

In March 2000, the Office of the Inspector General opened a satellite office in the Water & Sewer Department's Salzedo Building. We have since relocated to the department's new Douglas Road Building. In addition to various investigative assignments of fraud, waste, and abuse, the OIG assisted the department in the following respects:

### **Bid Document Reviews**

- OIG representatives, at the invitation of the Water and Sewer Department, attend bid document review committee meetings. These meetings review construction bids prior to release for advertisement to the public. These meetings are an invaluable source of information on upcoming construction projects. It gives us a preview of construction projects, which may require our assistance in oversight and/or auditing once the projects get underway.

### **Miami Beach Marina Sewer Line Break**

- In June 2000, a WASD 54-inch sewage force main was ruptured off the Miami Beach Marina by a contractor driving concrete piling off the dock intended for the construction of some boatlifts. OIG Special Agents quickly responded to the emergency to provide the department with on-site assistance. The OIG also spearheaded an inquiry of the entire incident, gathering documents of potential evidentiary value from various agencies and private parties. We coordinated our inquiry with other governmental agencies, including the State Attorney's Office, Miami-Dade Police Department Environmental Crimes Unit, Florida Department of Environmental Protection, Miami-Dade Department of Environmental Resource Management, Miami-Dade Building Contract Compliance Office, and officials from the City of Miami Beach Building and Public Works Department. The State Attorney's Office filed criminal charges against some of the contractors and the County recovered \$2.5 million from various parties and their insurers.
- In conjunction with the pre-litigation activities, the OIG released a report detailing the surveyed waterways surrounding WASD's 54-inch pipeline. The OIG recommended that WASD submit updated information to National Oceanic and Atmospheric Administration (NOAA) asking that additional pipeline areas be included on the navigational charts. Pursuant to our recommendation, WASD submitted the additional information and NOAA navigational chart number 11468 has been reprinted with the pipeline location information.

### **Customer Information System (CIS) Initiative**

- The OIG has been overseeing WASD's Customer Information System (CIS) initiative. This has been a substantial initiative undertaken by the department to convert its customer billing system which stores and processes billing information for both residential and business accounts. The new system will allow the department to implement monthly billing for its customers. Our participation includes attending CIS Steering Committee meetings, monitoring minority business enterprise utilization, and reviewing vendor requests for payments, including change orders. The OIG also reviewed allegations of impropriety with respect to the intended \$800,000 purchase of a Pitney Bowes mail-inserting machine. Our review concluded that the alleged improprieties were unsubstantiated, but the proposed procurement mechanism to purchase the machine was flawed. Recommendations were made by the OIG to the department for it to resolve the procurement dilemma in order to push forward with the conversion initiative.

### **Interdepartmental Paving Procedures**

- The OIG conducted a review of inter-departmental procedures between the Water & Sewer Department (WASD) and the Public Works Department (PWD) for the contracting of paving work needed for WASD facilities. A Paving Report Study was released in April 2000, which analyzed the current backlog of paving requests and systematic barriers, such as computer incompatibility, further exacerbating the backlog of paving assignments. The study made recommendations to help alleviate the incompatibility problems while waiting for the new computer system to come on-line. In 2001, the OIG requested status reports from the two departments to gauge whether progress had been made. We were advised that while some recommendations were enacted on a trial basis, systematic barriers still prevented complete integration. This was especially true of the computer system, which had yet to be fully implemented. At the OIG's urging, a roundtable discussion was finally held and attended by the staff of WASD and PWD. The discussion was mediated by the Assistant County Manager overseeing the two departments. OIG representatives were also in attendance. Substantial progress was made as a result of the roundtable discussion. Matters discussed were formally memorialized, which set a procedural guideline for the departments to adhere to and follow. Additionally, at the OIG's urging, the information technology staffs of both departments began working together to complete modifications and implement the inter-departmental computer system to track and invoice paving requests.

### **WASD Fire Lines**

- As a follow-up to our previous efforts on the issue of water meter tampering, OIG Special Agents engaged a feasibility study to apply similar measures to meter water fire lines for tampering. In a study which specifically reviewed fire line meters at the County's Seaport, the study revealed that there had been no billing for approximately 6 months. That equated to a loss of over \$15,000.00, which was immediately back billed by WASD to the Seaport. If it had not been for the OIG's initiated oversight in this arena, WASD would have continued to lose \$2,600.00 per month from the Seaport alone. This initiative will be expanded to review other large-scale facilities and the OIG and the Department hope to have anti-theft measures in place by the end of the year.

### **Sludge Hauling and Disposal**

- Since April of 2001, the OIG has been monitoring, as part of its contract review activities, WASD contracts for the hauling and disposal of wastewater sewage sludge. Considered controversial contracts for a myriad of reasons, WASD's then existing contracts were within six-months of automatically renewing for a second five-year term, unless WASD notified the vendors of its intent to terminate the contract. The notice to terminate the contracts was given. The OIG requested to be notified of all meetings between county officials and contractors, and among county staff on the issue of sludge hauling. Our oversight included attending meetings regarding contractual claim issues related to sludge hauling and a review of the proposed bid specifications for the intended new sludge contract to be put into place. By the end of 2001, a new invitation to bid had been advertised; however in January 2002, the bid solicitation was cancelled in order for county staff to seek further policy direction from the Board of County Commissioners. The OIG continues to oversight this contract in 2002.

### **Performing Arts Center Oversight**

In 2000, the Office of the Inspector General began providing oversight over the Performing Arts Center (PAC) project. The project, undertaken by Miami-Dade County, consists of building two performing arts halls straddling Biscayne Boulevard. The project is budgeted at approximately \$250 million and it is scheduled to be completed by October 2004, prior to the start of the 2004 Florida Grand Opera season.

In June of 2001, the OIG established its permanent satellite office at the PAC. It is located at 1444 Biscayne Blvd, Suite 202, Miami, Florida. As part of the OIG's responsibilities, the following is a summary list of the activities that the OIG has performed and continues to perform.

## **A. PAC Oversight: Pre-Award of the CM-at-Risk Contract**

- Reviewed the Performing Arts Center Management Office's (PACMO) Request for Proposals that was sent to prospective bidders;
- Briefed the County Selection Committee on proper process;
- Attended bid openings;
- Attended the Selection Committee meetings;
- Reviewed the Initial Guaranteed Maximum Price (IGMP) proposals sent in by bidders;
- Performed due diligence on the four pre-qualified prime bidders;
- Attended the County's negotiating meetings with bidders who submitted proposals;
- Reviewed proposed Value Engineering submitted by bidders and provided comments;
- Attended meetings between County attorneys and bidders found to be non-compliant;
- Reviewed draft revisions to the County's proposed IGMP contract and provided comments to PACMO, the Office of the County Manager, and the County Attorney's Office;
- Reviewed proposed amendments to Cesar Pelli contract; Reviewed BCC agenda items submitted by PACMO and provided comments;
- Attended monthly PAC Trust Board meetings and provided IG report;
- Attended PAC Trust Construction Committee meetings;
- Attended biweekly construction meetings and reviewed construction related documents, including invoices, for the Sears Demolition-Phase I & II.

## **B. PAC Oversight: Pre-Construction Phase**

- Attended weekly pre-construction meetings;
- Attended Value Engineering meetings between prime and subcontractors and reviewed proposed Value Engineering submitted by subcontractors and provided comments;
- Reviewed Pre-construction payment requests; provided comments to PACMO
- Attended bid openings of the CM-at-risk's, Performing Arts Center Builders, Joint Venture (PACB), subcontractors;
- Attended the County's negotiating meetings with PACB on proposed amendments to its CM-at-risk contract and Contract Rider; reviewed the proposed amendments to PACB's CM-at-risk contract and Contract Rider and provided comments to PAC, the County Manager's office and the County Attorney's Office;
- Performed due diligence on certain proposed subcontractors as requested by PACMO and provided PACMO with a list of due diligence questions to be submitted to subcontractors;
- Reviewed additional proposed amendments to Cesar Pelli contract;
- Reviewed BCC agenda items submitted by PACMO and provided comments;
- Attended monthly PAC Trust Board meetings and provided IG report;
- Attended PAC Trust Construction Committee meetings;
- Performed site visits to the Sears and Knight-Ridder sites; interviewed contractors' employees; took photographs, etc.;
- Reviewed Performing Arts Center Builder's (PACB) proposed subcontractor agreement, proposed list of subcontractors, proposed Value Engineering, proposed Invitation to Bid package, construction schedule, permit status etc.
- Performed survey of sample of PACB's bidder's list and provided report to PACMO on PACB's solicitation efforts;
- Investigated allegation of improper conduct of contractors at request of PACMO;

**C. PAC Oversight: Construction Phase (This list of activities is from Notice to Proceed date -- 10/15/01 -- through to the end of December 2001).**

- Attended weekly Construction Progress meetings;
- Reviewed Construction payment requests;
- Met with DBD personnel on CSBE participation issues;
- Met with PSI - County's Threshold Inspection consultant;
- Reviewed Responsible Wage violation reports;
- Attended PAC Trust Board and Construction Committee meetings;
- Reviewed PAC invoices for Cesar Pelli, etc.;
- Continued to review PAC documents such as BCC agenda items, amendments to consultant's contracts, etc.;
- Reviewed Performing Arts Center Builder's (PACB) proposed Value Engineering, RFI's, meeting minutes, construction schedule, permit status, etc..
- Provided PACMO with detailed list of OIG oversight activities related to the PAC project.

The OIG is continuing to provide oversight on the PAC project. Ongoing activities will be similar to those noted in Section C: Construction Phase above.

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# 2002 Initiatives

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- Promote the OIG's new website: [www.MiamiDadeIG.org](http://www.MiamiDadeIG.org) .
- Embark on a new construction oriented audit program.
- Enhance OIG presence at the Seaport vis-à-vis the department's Master Redevelopment Program.
- Increase OIG staffing to county budgetary authorized levels.
- Fulfill OIG oversight mandate of the Building Department's new Permit by Affidavit Certification Program.
- Continue to investigate acts of fraud, waste, abuse, and mismanagement.